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TAGS: [MARR](#) [MOPS](#) [PREL](#) [PARM](#) [NATO](#) [PINR](#) [US](#) [UP](#)  
SUBJECT: UKRAINE: NATO/PFP TRUST FUND DESTRUCTION PROJECT  
AND MANPADS UPDATES

REF: A. STATE 37937  
[1](#)B. STATE 30482

Classified By: Political Counselor Kent Logsdon for reasons 1.4(b,d)

[1](#)1. (SBU) Summary: PolCouns, Polmiloff, and DATT met April 16 with Deputy Defense Minister Valeriy Ivashchenko to discuss the status of the NATO PFP Trust Fund destruction project and deliver the corresponding non-paper (ref A), and raise the possible mid-May visit of the Special Envoy for MANPADS Threat Reduction (ref B). Ivashchenko said he had spoken with a Deputy Minister of Economy, who agreed to work with him to find a solution that would allow destruction of "Category Four" weapons, which currently under Ukrainian legislation cannot be eliminated until they have been offered for sale for five years. He emphasized the importance to Ukraine of proceeding to the destruction of excess and obsolete large-caliber munitions, but acknowledged the point that it would be hard to move ahead with this phase of the project until the issue regarding the provision of excess small arms and light weapons for destruction was resolved. Ivashchenko responded with the same points but had no further update when Ambassador raised the subject during an April 18 meeting with EUR DAS David Merkel. In a separate April 16 meeting, MFA Arms Control Director Volodymyr Belashov said some Ukrainian government officials advocated withdrawing from the NATO PFP Trust Fund in order to allow all available funding to be used immediately for destruction of large-caliber munitions. He also reiterated that the current stock of MANPADS were required for Ukraine's defense requirements and therefore could not be made available for destruction.

[1](#)2. (C) Comment: Ivashchenko promises to be a good interlocutor and action officer on both the destruction project and MANPADS threat reduction. While new to the topic, he seemed to have made a careful study of his staff's briefing papers, citing numbers and figures for us. We were also impressed by the fact that he had contacted the Ministry of the Economy prior to our meeting on the issue. As a good civil servant bureaucrat who has climbed the Ministry of Defense ranks, Ivashchenko is likely to be a quick study and be attentive to an issue that is important to us. He had everyone from MOD who might play a role in resolving this issue on his side of the table. End summary/comment.

MOD - Small Arms and Light Weapons  
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[1](#)3. (U) Drawing from ref A and a telephonic consultation with NATO Maintenance and Supply Agency (NAMSA) Project Manager

Steve Brown before the meeting, PolCouns highlighted U.S. concern that nearly 300,000 of small arms and light weapons (out of a total of 400,000 scheduled for destruction) had been placed in a category that made them unavailable for destruction. This problem with the supply of small arms and light weapons (SA/LW) threatened the timely completion of the project, but the U.S., as lead nation, was reluctant to approve a project extension (also necessary to complete munitions destruction) until it had assurances that the SA/LW had been made available for destruction.

¶4. (SBU) Ivashchenko interrupted PolCouns's presentation, indicating that he was aware that the supply of SA/LW for destruction was the key issue, and stressed that the Ukrainian government "Utilization Commission" had not made a decision but only a recommendation regarding Ukraine's commitments to NAMSA. He understood the project implementation had slowed, since the project had nearly exhausted the supply of "Category Five" weapons available for immediate destruction. Unfortunately, according to Ukrainian law, weapons in other categories, Category Four and higher, could not be easily eliminated. (Note: NAMSA's Brown advises that the weapons must normally be offered for sale for five years without any offers to purchase before the Cabinet of Ministers can authorize their destruction.) Ivashchenko said he was working with other ministries and relevant authorities to authorize the additional 280,000 weapons needed for the destruction project. In this regard, he had met with Deputy Minister of Economy (Valery) Muntiyan to emphasize that, despite the legal and economic obstacles, Ukraine needed to honor its international commitments. Muntiyan had agreed with Ivashchenko's position and committed to cooperate in the search for a solution.

¶5. (SBU) Note: Muntiyan's support is a promising development.

Former Minister of Economy Volodymyr Makukha appointed Muntiyan and four other deputy ministers on March 14, 2007, and Muntiyan has remained as Deputy Minister of Economy under current Minister Bohdan Danylyshyn. Makukha announced that Muntiyan would be working on financial policy, economic strategy, and cooperation with international financial institutions. Prior to his appointment, however, Muntiyan had been a long-serving Ministry of Defense bureaucrat. He rose to the position of Deputy Defense Minister on December 17, 2003, with responsibility for budget and economic matters until then-President Kuchma dismissed Muntiyan on October 5, 2004, in what might have been a general house-cleaning accompanying Yevhen Marchuk's September 22 departure as Defense Minister. As Deputy Defense Minister, Muntiyan appears to have been relatively outspoken about the need to increase the defense budget. Earlier in his career, Muntiyan was appointed head of MOD's Economic Department in 2007, and then became the Defense Minister's adviser on budget formation and financial and economic activity. End note.

MOD - Project Extension/Burden-sharing  
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¶6. (U) When PolCouns said that the U.S. would not agree to extend the current project until the SA/LW problem had been resolved, Ivashchenko noted that he had personally requested the one-year extension during a meeting in Brussels. Even if the SA/LW issue were to be resolved the next day and destruction resumed in two, there would still not be enough time remaining in 2008 to meet the project's original goals. Additional time was needed to resolve the SA/LW problem on a political level.

¶7. (U) Ivashchenko said that he had also met with the NATO Liaison Office and NAMSA to propose a change in the financial burden-sharing for munitions destruction. Disposal of surplus large-caliber munitions, including artillery shells, aerial bombs, land- and sea-mines, etc., was Ukraine's top priority. The current project, however, targeted destruction of smaller-caliber munitions. Storage of munitions up to 100mm was not a problem from a security or financial perspective and posed no threat of reaching terrorist

organizations. While he was not requesting an immediate change, Ivashchenko said Ukraine hoped to change current financial arrangement, in which Ukraine bore 2/3 of the cost of munitions destruction, to one in which the Trust Fund funded 2/3 of the cost. (Note: NAMSA's Brown advised that the additional cost to Ukraine originated when the munitions destruction site was moved from the central Ukrainian town of Kalinivka to five sites, mostly located in eastern Ukraine. The change had increased the costs for Ukraine to transport the munitions to the destruction facilities. Brown had suggested that Ukraine modify the schedule of munitions to be destroyed to include munitions located more conveniently to the new destruction facilities.) PolCouns promised to convey this information to Washington, but suggested that it would be hard to discuss any changes in the plan to destroy large-caliber munitions until the SA/LW problem was resolved.

¶18. (U) Ivashchenko then cited some specific problems related to storage of large-caliber munitions. In the town of Brukhovychy (just outside of Lviv city), for example, a storage site has 3,500 tons that need to be eliminated. In Khmelnytsky region, in the town of Slavuta, an ammunition storage site with 4,000 tons of munitions is located near the Khmelnytsky nuclear power plant (which, despite its name, is located in the north of Khmelnytsky region, not in the city of the same name and by the town of Netishyn). While the Ukrainian government was providing funds to the NATO PfP Trust Fund for destruction of small-caliber ammunition for rifles and machine guns, the danger remained that 200mm rounds could explode near a nuclear power plant or in a city, killing or injuring people. (Comment: The intensity with which Ivashchenko made this point suggested that he was not just parroting talking points, but was personally concerned about the danger, and perhaps also the potential political fall-out from an accidental explosion.)

¶19. (U) As the meeting drew to a close, we raised our interest in obtaining additional MANPADS from the Ukrainian side for destruction and reiterated that our offer of \$5 million in additional funding for large-scale munition destruction remained on the table. Polcouns also handed over the full text of the non-paper (Ref A) and the announcement of the appointment of Ambassador Lincoln Bloomfield as the Special Envoy for MANPADS Threat Reduction, which Ivashchenko

promised to review. Expressing surprise that the USG would be concerned about the security of Ukraine's MANPADS stockpile, he invited U.S. officials to visit a MANPADS storage site, so they could be satisfied that the conditions of storage precluded theft or unauthorized diversion of the weapons. In addition to Ivashchenko, MOD participants included Rocket and Ammunition Elimination Department Director Petro Pyatybrat, Deputy Director Col. Yuriy Brovchenko, International Cooperation Directorate Lt. Col. Sergey Verbytsky, Deputy Minister Special Assistant Viktor Miroshnychenko, and Military-Technical Cooperation Deputy Director Yuriy Kharshenko.

MFA - Interagency battles  
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¶10. (U) During a separate meeting April 16, we briefed MFA Arms Control Director Volodymyr Belashov and informed him about Ambassador Bloomfield's interest in visiting Ukraine in mid-May. Belashov was interested to hear that the Deputy Minister of the Economy had supported the MOD view that Ukraine should meet its commitment to destroy SA/LW despite the legal obstacles in scheduling Category Four weapon for elimination. He said destruction of munitions remained a Ukrainian government priority and he had recently become a member of a new interagency working group dedicated to three topics: the NATO PfP Trust Fund project; elimination of munitions, especially at the Novobohdanivka munitions storage site; and elimination of melange rocket fuel. Although Ukraine had an international commitment to NATO and to NAMSA, some members of the interagency working group, such as the Ministry of Economy, were arguing that Ukraine's support to the Trust Fund project was siphoning funds needed for higher

priority munitions elimination. They were advocating Ukraine's withdrawal from the Trust Fund project.

¶11. (U) Note: We were separately provided with the Ministry of Economy (MOE) arguments. Noting that the Ukrainian state budget normally allocates about 140 million hryvnia (U.S. \$28 million) for weapons and munitions elimination, MOE argues that the 40 million hryvnia, or almost a third of the state budget for this task, required to support the NATO PfP Trust Fund represents a diversion from Ukraine's highest priorities. The funds to the Trust Fund results in the destruction of munitions, 80% of which is small-caliber and do not pose a danger at ammunition storage sites.

¶12. (C) Belashov also reiterated earlier points suggesting that the Ukrainian government would be unlikely to part with MANPADS. He said Ukrainian enterprises have stopped manufacturing MANPADS, so the Ukrainian military needed to rely on its current stock for its defense needs. Admitting that he did not know the total number that Ukraine holds, Belashov said Ukrainian experts believed that the operational life of the MANPADS could be extended by additional "decades." In addition, after Foreign Minister Ohryzko's return from Moscow, Belashov said he had been given a number of tasks, including the Ukrainian response to a Russian draft agreement on mutual notification regarding transfer of MANPADS to third parties. Belashov said the agreement would eventually be concluded, since Ukraine wanted to know where Russia was sending its MANPADS and, in the event MANPADS were involved in a terrorist attack, to prove to Russia that the missile in question had not originated in Ukraine. Implied in Belashov's comments was the notion that, once the agreement was in place, Ukrainian officials would be reluctant to report to the Russians that they had transferred MANPADS to the U.S. for political, vice commercial, reasons.

¶13. (U) Visit Embassy Kyiv's classified website:  
[www.state.gov.gov/p/eur/kyiv](http://www.state.gov.gov/p/eur/kyiv).  
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